



II. Business Description

A. The Business Opportunity

The Motion Pictures Association of America has reported that the last decade has seen a steady worldwide growth in the number of theater complexes, an increase in television stations, expansion in the new technologies of cable and satellite broadcasting and the emergence of the Internet as a future distribution channel. Together, they have created a huge demand for new entertainment product and with it a need for more studio space to produce movies, television, videos and commercials. Even with the major studios being located in the Los Angeles area, most of the 330 stages there have been extremely busy. A 2000 survey by leading accounting firm PriceWaterhouseCoopers showed an average occupancy rate of 95% and close to 98% in the 13,000 sq/ft to 18,000 sq/ft range (same footage as the Company's stages).

Exhibit I

LOS ANGELES AREA PRODUCTION DATA

Total Annual Production Days Los Angeles County





With revenues expected to grow an additional 7-8 percent annually, the worldwide expenditures for production of filmed and video entertainment in Los Angeles should exceed \$50billion by 2010.

The opportunity currently exists to build a leading position among independent studio facilities. The business is and probably will long be dominated by Hollywood's major studios, but there have also traditionally been attractive opportunities for facilities operating outside the studios' control. At present, however, there are few such companies in operation.

There are presently a limited number of independent companies capable of exploiting those entertainment opportunities that are either too small or too specialized to be of interest to the majors. Consequently, the timing is excellent for establishing a large independent studio facility. The Company will capitalize on these opportunities by providing a studio facility with worldwide commercial appeal in a low-risk, cost-efficient manner. The Company will be differentiated from the major studios by its ability to maintain a low overhead and cost structure, its ability to be attentive and responsive to clients, and by its commitment to undertake only those projects that have sound business prospects and attractive profit potential.

B. Company Business Objectives and Philosophy

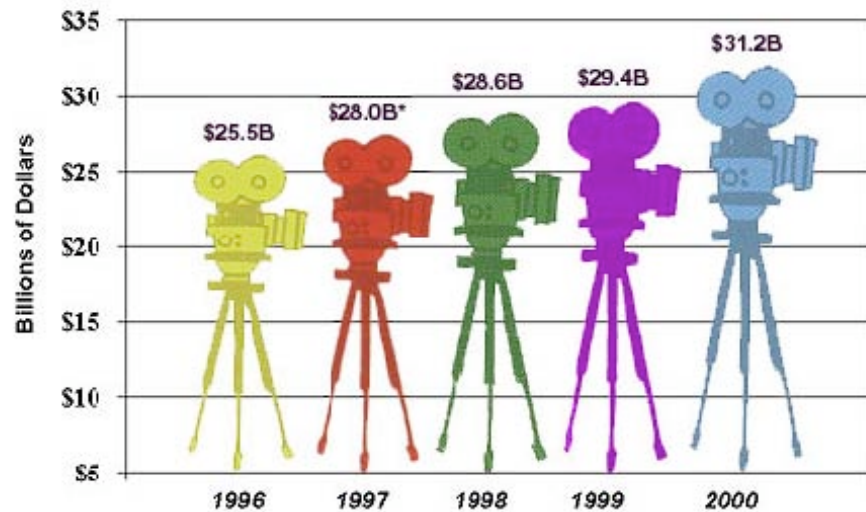
The Company is answering a worldwide need. The last decade has seen a growing appetite for film and television product. This resulted in a sharp increase in production activity with the demand for studio space outpacing the new constructions—a fact that industry analysts predict will continue over the next decade. With recent consolidation in the entertainment industry, corporate pressure on producers to cut costs and improve the bottom-line has intensified. Hollywood, with its convenient locations and plethora of talent has become the center of activity. To capitalize on this exploding market, the Company owns a state-of-the-art studio facility with multiple sound stages and office space. It also includes production equipment and vehicles and offers production logistic support. By adding additional studios and equipment, the Company will create a prominent independent studio facility and will be the premier production entity in the area. The Company also plans to expand into the other "hot" production locations by acquiring studio facilities in these cities such as New York and Miami.



Exhibit II

THE ENTERTAINMENT INDUSTRY
DIRECT EXPENDITURES IN LOS ANGELES

The Entertainment Industry in Los Angeles
Direct Expenditures: 1996-2000



*1997 Census of Business, US Bureau of the Census

C. Strategy For Creating Shareholder Value

The Company will create value for its investors and shareholders in three principal ways:

1. Optimization of the Company's facilities operations.

Management has overseen a successful turnaround in the facility's profitability, reversing deep operating losses and restoring a sustained level of profitability. Management believes that the general business environment and the specific opportunities for an improved business mix will lead to a substantially higher level of profitability for the facility over the next 2-3 years. The Company plans to acquire strategically located facilities in New York City and Miami to expand its activity.

2. Organization of the Half-Day Video Production Equipment Rental

Operations. Management has overseen a successful turnaround in the division's profitability, reversing deep operating losses and restoring a sustained level of



profitability. Management believes that the general business environment and the specific opportunities for an improved business mix will lead to a substantially higher level of profitability for the rental business over the next 2-3 years.

3. Create and Develop a Syndicated Media Division, The decade-long trend on television (and more recently on the Internet) toward lower-cost, “non-scripted” programming favors nimble production companies with low overhead and strong production capabilities. The Company is well positioned to capitalize on this trend by producing low-cost programs like the reality-based shows that are so successful today. These types of programs can be mounted quickly, generate relatively quick returns, and be exploited across multiple media platforms.

Management envisions a phased implementation of the business plan over a five-year period to ensure a conservative, risk-tempered approach to the Company’s growth.

Phase I

During Phase I the Company will:

- Establish its core management team.
- Secure agreements for the acquisition of additional production facilities
- Launch a new Syndicated Media Division Acquire additional production equipment for rental Build a Video Production Stage and Mobile Production Truck

Phase II (Months 13 - 36)

Once the company has established a stable base of operations and delivered one quality commercial picture, it will be poised for more rapid growth. In this phase the company will:

- Round out its management team
- Continue to drive properties and production to completion
- Put at least 2-3 syndication projects into development
- Commence production on 1-2 new television series

Phase III (Months 37-60) By Phase III, management anticipates that it will have sufficient cash flow, asset base and operating history to raise substantial debt or equity capital to expand its operations. At the beginning of this phase management will re-evaluate its goals and operating procedures, and develop a long-term plan for the Company’s future growth. As needs arise and if the opportunities are judged to be attractive, the Company will extend its activities into new media diversification and other ancillary businesses on an opportunistic basis.